(a) whether it is a fact that an exclusive Natural Gas Grid would be set up by Government in Andhra Pradesh for the benefit of industries and for providing gas at a cheaper rate for domestic consumption;

(b) if so, the details thereof;

(c) if not, whether Government would assure of setting up the same at the earliest; and

(d) if not, the reasons for not assuring in setting up such exclusive Natural Gas Grid in Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (d) Gas pipelines are laid according to gas availability and connect production and consumption centers. A network of trunk gas pipelines is being laid by various entities connecting customers in the country, including Andhra Pradesh, to various sources of natural gas.

Currently GAIL (India) Limited has 728 km. long pipeline network in Andhra Pradesh. Reliance Gas Transportation Infrastructure Limited (RGTIL) is constructing Kakinada-Hyderabad-Uran-Ahmedabad pipeline, which would *inter-alia* connect parts of Andhra Pradesh to the KG-D6 field of Reliance Industries Limited (RIL). The pipeline is under commissioning. It passes through East Godavari, West Godavari, Krishna, Khammam, Nalgonda, Rangareddy districts of Andhra Pradesh. The length of the pipeline in Andhra Pradesh is 562 km. In addition to this, RGTIL has been granted authorization for Kakinada-Basudebpur-Howrah pipeline, Vijaywada-Nellore-Chennai pipeline and Chennai-Bangalore-Mangalore pipeline; these pipelines would also connect parts of Andhra Pradesh to the KG-D6 field. The length of these pipelines in Andhra Pradesh is around 410 km., 400 km. and 114 km. respectively.

Exploration of CBM in Gujarat

421. SHRI KANJIBHAI PATEL:
SHRI NATUJI HALAJI THAKOR:
SHRI VIJAYKUMAR RUPANI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to refer to answer to Unstarred Question 1190 given in the Rajya Sabha on the 11th March, 2008 and state:

(a) whether ONGC has inducted a third partner for exploration of CBM block;

(b) whether smaller rig has been planned for drilling core holes to reduce the costs;

(c) if so, whether ONGC has completed Minimum Work Programme (MWP); and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) No, Sir.

(b) Smaller rigs were inducted from M/s. Mineral Exploration Corporation Ltd., (MECL), a Government of India enterprise, to drill cover holes to reduce costs. However, as they were unable to drill due to adverse geological conditions, a higher capacity rig was hired.

(c) and (d) ONGC has completed Minimum Work Programme (MWP).

Basis of hike in petro price

422. SHRI MOINUL HASSAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the recent petroleum and petro-product price hike has been made without proper assessment of the actual deficit of the public sector oil companies and on the basis of the vague term as "under-recoveries"; and

(b) whether Government is considering to revise or scrutinise the assessment?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) The under-recoveries of Public Sector Oil Marketing Companies (OMCs) on marketing of sensitive petroleum products were estimated at Rs.2.45 lakh crore in June, 2008 based on the approved principles of Import Parity pricing for PDS Kerosene and Domestic LPG and Trade Parity pricing for Petrol and Diesel.

The concept of "Under Recovery" was examined by the Committee on Pricing and Taxation of Petroleum Products, under the Chairmanship of Dr. C. Rangarajan, Chairman, Prime Minister's Economic Advisory Council. The Committee had *inter-alia* observed that:

"Refining of crude oil is a process industry where crude oil constitutes around 90% of the total cost. Since value added is relatively small, determination of individual product-wise prices becomes problematic. The Oil Marketing Companies (OMCs) are currently sourcing their products from the refineries on import parity basis which then becomes their cost price. The difference between the cost price and the realized price represents the under-recoveries of the OMCs"

(b) The under-recoveries of OMCs on marketing of sensitive petroleum products vary in line with movements in the international oil prices. The under-recoveries for 2008-09 which were estimated at Rs. 2.45 lakh crore in June, 2008 are currently estimated at Rs.1.47 lakh crore based on the prices of 2nd fortnight of October, 2008.

Oil import Bill

423. SHRI AMIR ALAM KHAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has assessed the impact of continued rise in prices of crude oil at the international level on the economy of the country;

(b) if so, the details thereof;

(c) the measures taken by Government to meet the situation and contain the prices of petroleum products in the domestic markets; and